TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Report of the Chief Investment Officer — ITEM NUMBER: 13

ATTACHMENTS: 5

ACTION: ____ — DATE OF MEETING: May 1, 2002

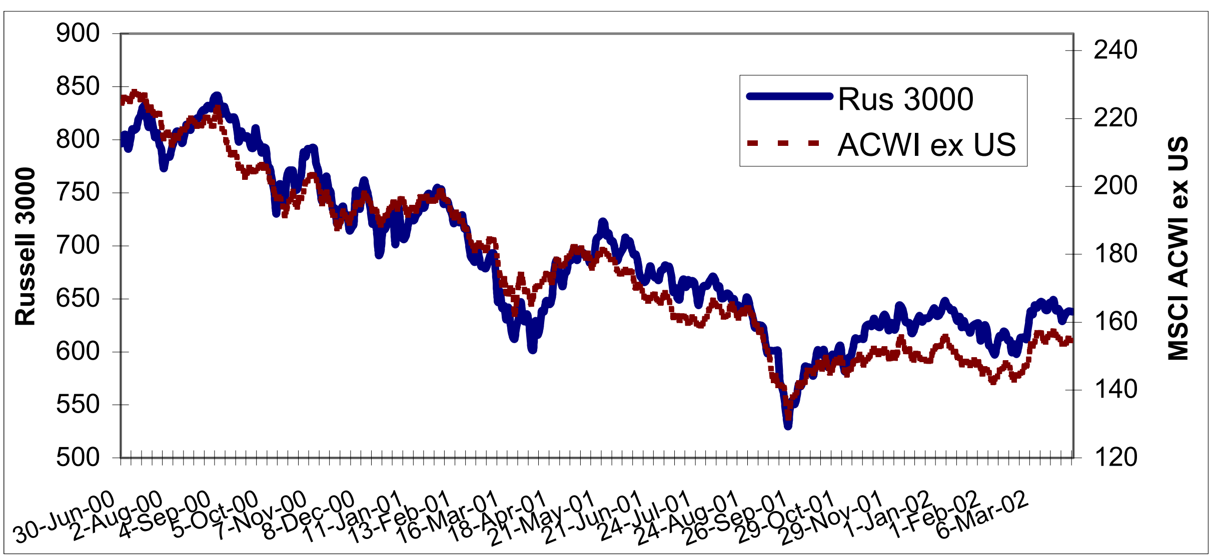
INFORMATION: X — PRESENTER: Christopher J. Ailman

Attached are the monthly reports for the period ending March 31, 2002. Listed below is a brief summary of the developments that have occurred in the financial markets from end of the reporting period to the date of the Committee packet and the same indices fiscal year to date. The CIO will provide a further verbal update at the meeting.

	March 29, 2002	Apr. 11, 2002	Direction
Interest rates:			
Federal Funds (target)	1.625%	1.75%	↓↑ Trading range
10-year U.S. Treasury Note yield	5.40%	5.20%	↓ Down 20 BP
30-year U.S. Treasury Bond yield	5.80%	5.67%	↓ Down 13 BP
U.S. Equity market:			
Russell 3000 Index	638.15	615.79	↓ Down 22.36
S&P 500 Index	1147.39	1103.69	↓ Down 43.70
NASDAQ Index	1845.35	1725.24	↓ Down 120.11
Non-U.S. Equity market:			
MSCI ACWI free (ex. U.S.)	154.63	152.47	↓ Down 2.16
MSCI EAFE	1155.60	1138.13	↓ Down 17.47
MSCI Emerging Markets	351.43	350.85	↓ Down 0.58
Currencies:			
Euro in U.S.$	.87	.88	↓↑ Trading range
Yen per U.S. $	132.77	131.52	↓↑ Trading range
British Pound in U.S.$	1.42	1.44	↓ Weaker U.S. $
Commodities:			
Crude Oil per barrel	$26.08	$24.99	↓ Down $1.09
Gold	$302.60	$302.20	↓↑ Trading range
Mega Watt Hour (CA-OR on-peak)	$33.67	$22.56	↓ Down $11.11

This chart provides an overview of the changes in the financial markets since the beginning of the Fiscal Year.

	June 30, 2001	Apr. 11, 2002	Direction
Interest rates:			
Federal Funds	4.00%	1.75%	↓ Down 225 BP
10-year U.S. Treasury Note yield	5.39%	5.20%	↓ Down 19 BP
30-year U.S. Treasury Bond yield	5.74%	5.67%	⇅ Trading range
U.S. Equity market:			
Russell 3000 Index	677.35	615.79	↓ Down 61.56
S&P 500 Index	1224.42	1103.69	↓ Down 120.73
NASDAQ Index	2160.54	1725.24	↓ Down 435.30
Non-U.S. Equity market:			
MSCI ACWI free (ex. U.S.)	167.46	152.47	↓ Down 14.99
MSCI EAFE	1261.49	1138.13	↓ Down 123.36
MSCI Emerging Markets	322.89	350.85	↑ Up 27.96
Currencies:			
Euro in U.S.$	.85	.88	↓ Weaker U.S. $
Yen per U.S. $	124.72	131.52	↑ Stronger U.S. $
British Pound in U.S.$	1.41	1.44	↓ Weaker U.S. $
Commodities:			
Crude Oil per barrel	$26.24	$24.99	↓ Down $1.25
Gold	$270.00	$302.20	↑ Up $32.20
Mega Watt Hour (CA-OR on-peak)	$81.00	$22.56	↓ Down $58.44



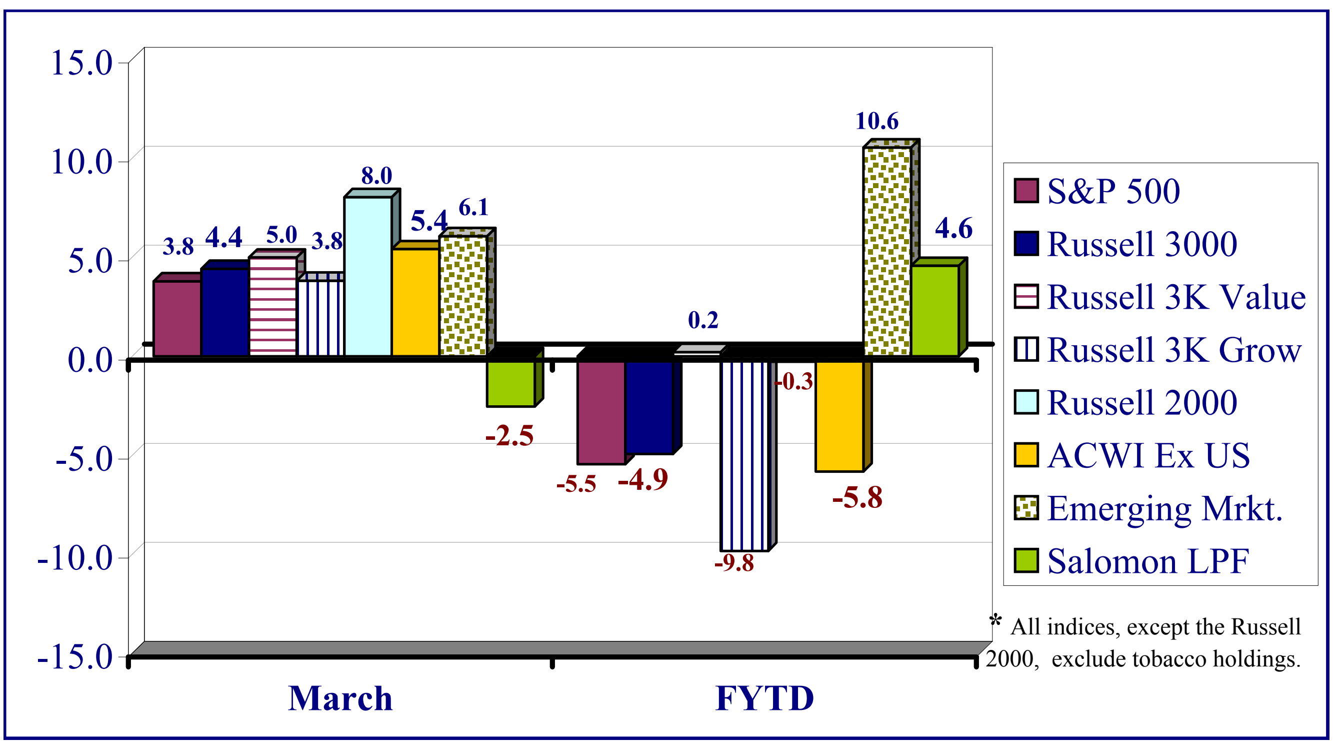
CalSTRS INVESTMENT COMMITTEE

Chief Investment Officer Report

Capital Market Environment
March 29, 2002

Russell 3000 January 1, 1999 - March 29, 2002 (Weekly Price)

Capital Market Returns - Month of March and Fiscal Year to Date

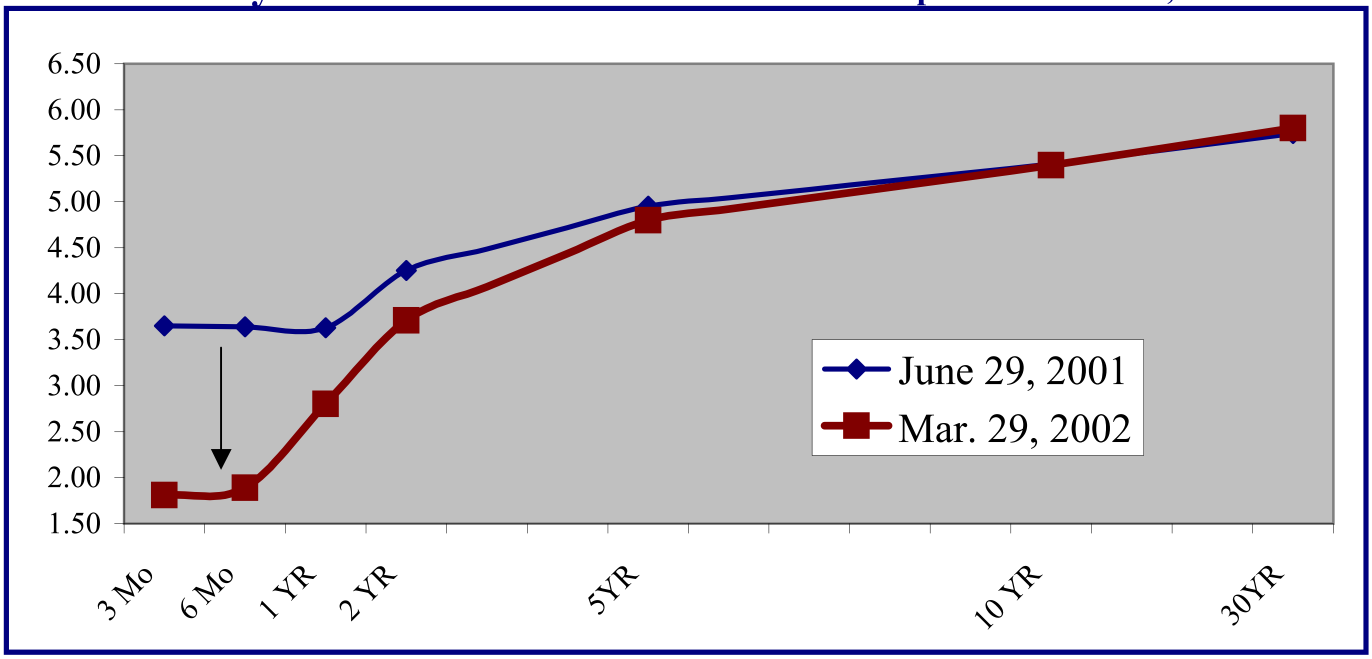


* All indices, except the Russell 2000, exclude tobacco holdings.

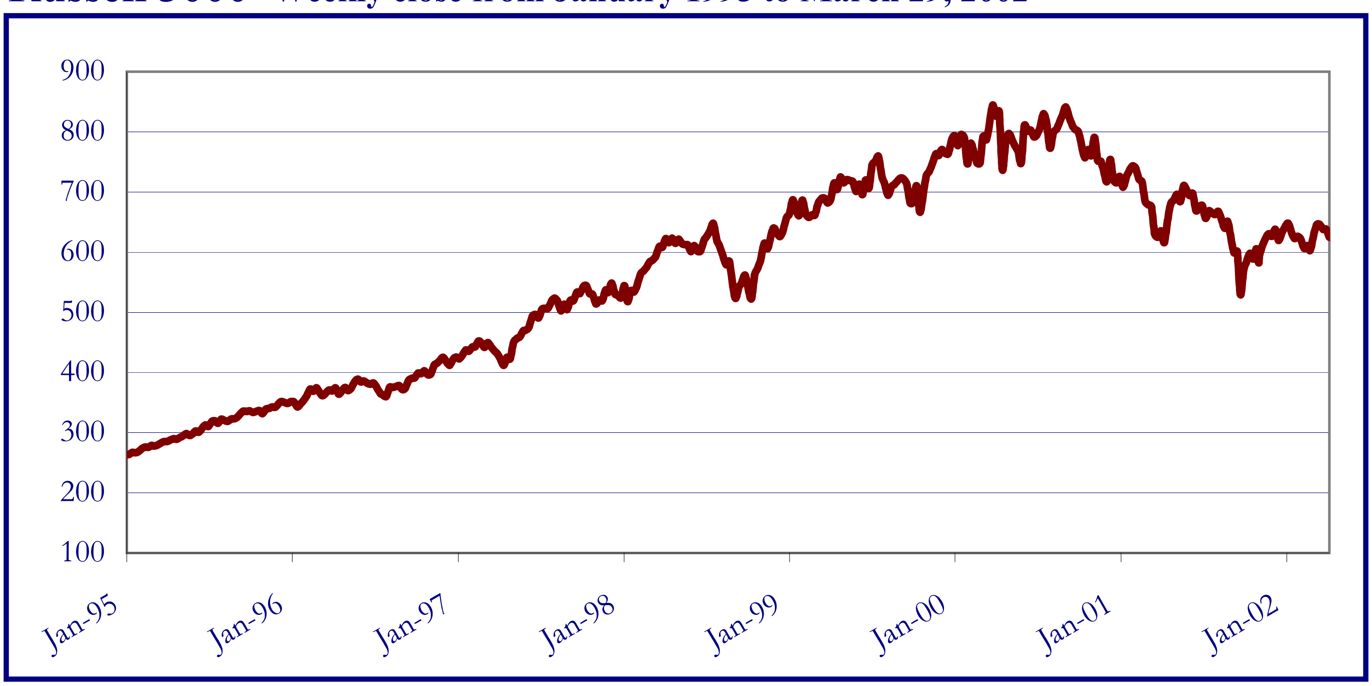
Attachment 1
Investment Committee - Item 13
May 1, 2002

Capital Markets Data

U.S. Treasury Yield Curve Fiscal Year '01 close compared to Mar. 29, 2002

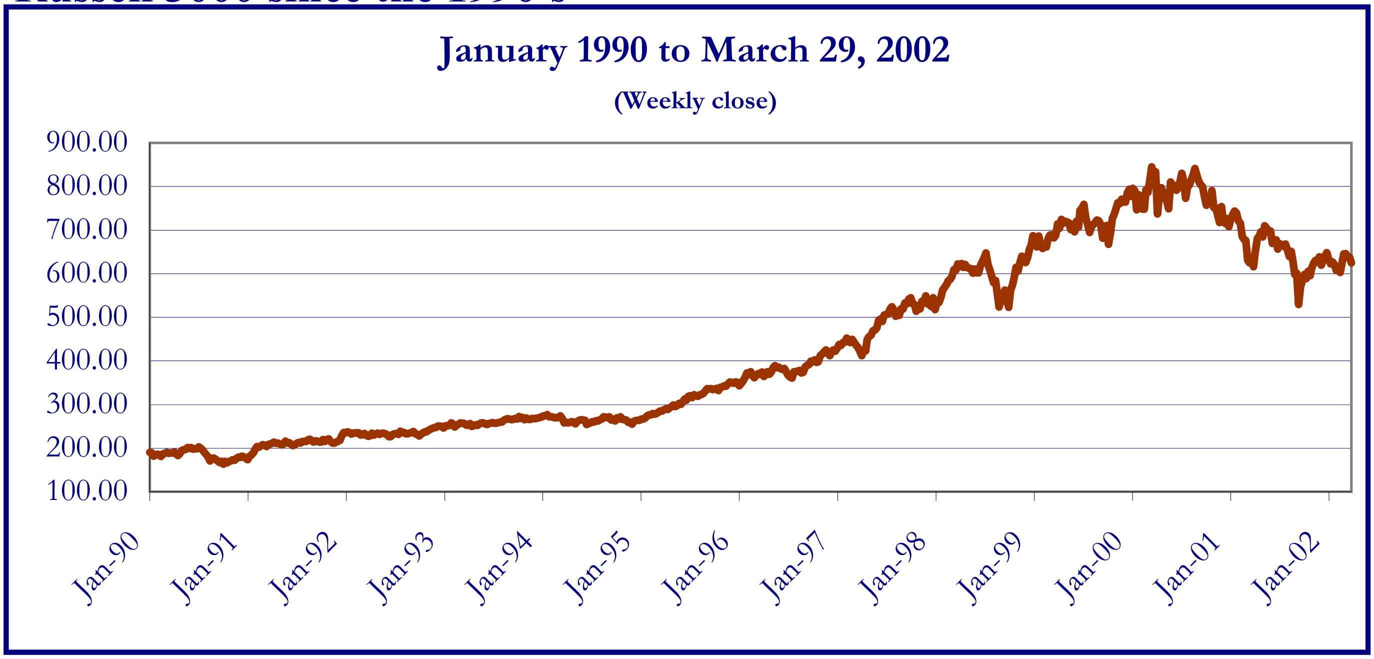


Russell 3000 Weekly close from January 1995 to March 29, 2002

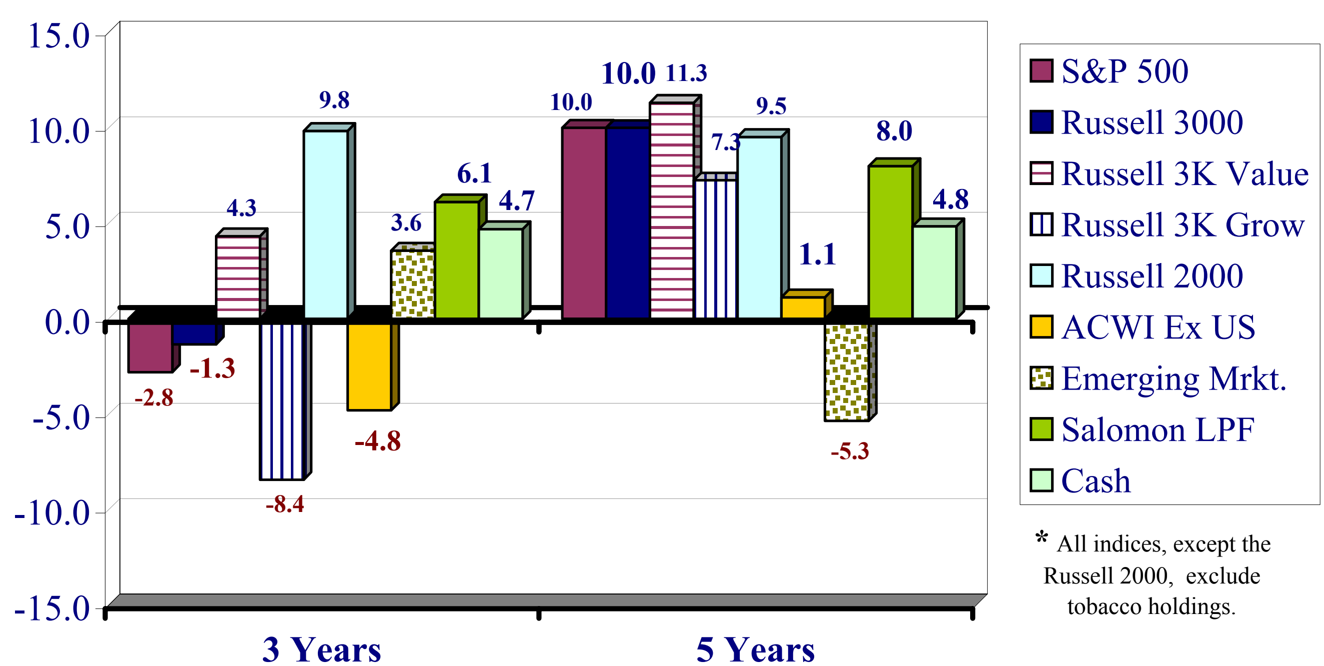


Review of Long-Term Capital Markets Data

Russell 3000 since the 1990's



Capital Market Returns - For the 3 & 5 years ending March 29, 2002



* All indices, except the Russell 2000, exclude tobacco holdings.

California STRS State Teachers' Retirement System

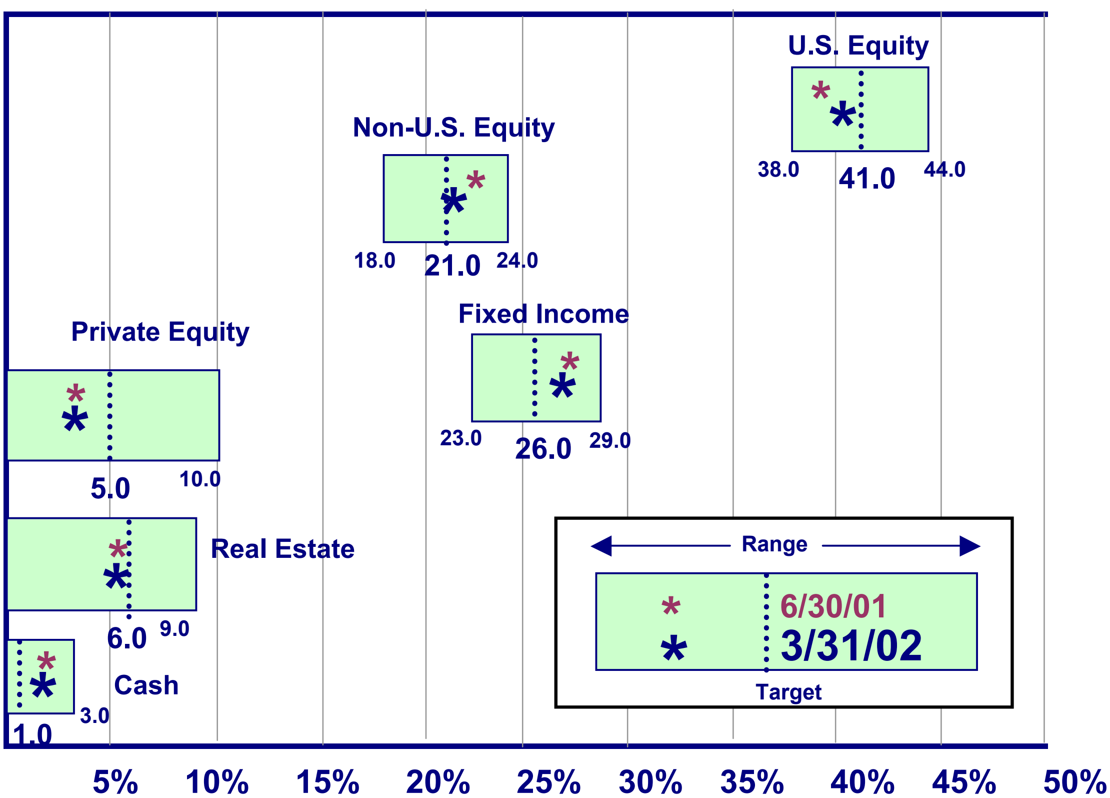
CalSTRS Retirement Fund
Monthly Asset Allocation Report

As of March 31, 2002

	FY '01-'02 TARGETS	ACTUAL March-02	Off Target (000s)
U.S. Equity	41%	40.4%	$ (574,970)
Non-U.S. Eq.	21%	21.3%	$ 294,815
Fixed Income	26%	27.1%	$ 1,153,442
Private Equity	5%	4.4%	$ (650,982)
Real Estate	6%	5.1%	$ (870,703)
Cash	1%	1.6%	$ 648,397

Current Allocation

versus Long Term Targets and Policy Ranges



Investment Summary - Market Value *(amounts in millions)*

Asset	This Month		One Year Ago		Three Years Ago		Five Years Ago	
Domestic Equity	$ 40,874	40.4%	$ 36,773	36.8%	$ 42,733	44.9%	$ 22,753	33.6%
International Equity	21,525	21.3%	22,115	22.2%	20,621	21.7%	13,196	19.5%
Fixed Income	27,438	27.1%	29,392	29.4%	25,399	26.7%	24,671	36.5%
Global Asset Allocators	N/A	N/A	N/A	N/A	1,247	1.3%	2,592	3.8%
Real Estate	5,196	5.1%	4,555	4.6%	2,174	2.3%	1,855	2.7%
Alternative Investments	4,404	4.4%	4,915	4.9%	2,310	2.4%	1,299	1.9%
Liquidity	1,659	1.6%	2,077	2.1%	735	0.8%	1,253	1.9%
Total Market Value	$ 101,096	100.0%	$ 99,827	100.0%	$ 95,219	100.0%	$ 67,619	100.0%

Performance Returns for Major Asset Categories

Asset	Month	Fiscal YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Equity	4.46	-4.66	1.98	-0.97	9.80	12.40
Int'l Equity	5.05	-5.94	-6.02	-2.66	1.94	N/A
Fixed Income	-2.49	4.80	4.57	6.01	8.33	8.23
Real Estate	N/A	N/A	12.53	11.60	14.91	7.92
Alternative Investments	N/A	N/A	-15.21	15.70	18.54	19.54
Liquidity	0.21	3.15	4.61	5.93	5.98	5.58
Total Fund	2.22	-1.39	0.77	1.97	8.14	9.28
Indicies						
Domestic Equity Custom *	4.42	-4.93	1.61	-1.34	10.00	12.78
MSCI AC ex US *	5.41	-5.82	-5.97	-4.08	1.13	5.85
Salomon LPF	-2.55	4.57	4.50	6.11	8.00	8.12
Real Estate Custom	N/A	N/A	6.97	9.80	11.58	7.99
T-Bill	0.15	2.01	3.11	4.70	4.84	4.63
Consumer Price Index	0.40	0.30	1.32	2.66	2.22	2.51
Russell 3000 *	4.42	-4.93	1.61	-1.34	10.00	12.85
MSCI EAFE *	5.38	-7.69	-8.68	-5.39	1.28	5.82
MSCI Emerging Mkt Free*	6.07	10.55	14.94	3.57	-5.34	2.19
LB Gov / Corp	-2.03	4.32	4.64	6.15	7.45	7.38

Allocations of Cash and Reallocations of Assets
(does not include changes in the market value)

	Current Month	Past 12 Months
Cash Inflow:		
Contributions & misc receipts	$ 344.6	$ 4,586.1
Less: Benefits & misc. payments	$ (706.6)	$ (4,562.5)
Investment Income	$ 303.6	$ 3,793.0
Total Cash Inflow	$ (58.4)	$ 3,816.6
Cash Allocation:		
Domestic Equity	$ 52.0	$ 3,749.6
International Equity	$ 16.5	$ 1,246.6
Fixed Income	$ 5.2	$ (1,498.7)
Real Estate	$ (20.2)	$ 380.2
Alternative Investments	$ 9.3	$ 405.8
Liquidity	$ (121.2)	$ (467.1)
Total Cash Allocation	$ (58.4)	$ 3,816.5

* Indicies reflect ex Tobacco returns beginning 9/1/2000

Asset Allocation Percentage

Assets	Actual	Target	Difference	Range
Public Equity	61.7%	62.0%	(0.3%)	56 - 68
Public Fixed Income	28.8%	27.0%	1.8%	23 - 32
Private Equity	9.5%	11.0%	(1.5%)	8 - 14
Total Investment Assets	100.0%	100.0%		

Which can be compared to the strategic targets .....

Assets	Actual	Target	Difference	Range
Active - Domestic Equity	8.0%	8.2%	(0.2%)	5-11
Passive - Domestic Equity	32.4%	32.8%	(0.4%)	30-36
TOTAL DOMESTIC EQUITY	*40.4%*	*41.0%*	*(0.6%)*	*38 - 44*
Active - International Equity	9.4%	10.5%	(1.1%)	7 - 14
Passive -International Equity	11.9%	10.5%	1.4%	7 - 14
TOTAL NON-US EQUITY	*21.3%*	*21.0%*	*0.3%*	*18 - 24*
TOTAL PUBLIC EQUITY	***61.7%***	***62.0%***	***(0.3%)***	***56 - 68***
Real Estate	*5.1%*	*6.0%*	(0.9%)	
Alternative Investments	*4.4%*	*5.0%*	(0.6%)	
TOTAL PRIVATE EQUITY	***9.5%***	***11.0%***	***(1.5%)***	***8 - 14***
Domestic Fixed Income	27.1%	26.0%	1.1%	23 - 29
Liquidity	1.6%	1.0%	0.6%	0 - 3
TOTAL FIXED & LIQUIDITY	***28.8%***	***27.0%***	***1.8%***	***23 - 32***
TOTAL INVESTMENT ASSETS	100.0%	100.0%		

Currency Hedging - Market Value (amounts in millions)

Managers	Pacific Basin		European		Total	
Active International	$ 2,596.63	6.4%	$ 6,146.85	0.0%	$8,743.49	1.9%
Passive International	$ 2,775.11	19.2%	$ 7,665.28	0.0%	$10,440.39	5.1%

* Does not include emerging market securities, Canadian stocks, cash or accruals.

Currency Realized Gains/(Losses) (amounts in millions)

Managers	Currency Realized Gains/(Losses)		
	1 Month	1 Year	Since Inception
Active International	$4.83	$18.76	$110.24
Passive International	$5.37	$95.76	$630.79

Securities Lending Income

Asset	Current Fiscal Year 7/01-03/02	vs.	Prior Fiscal Year 7/00-03/01
Domestic Equity	$15,009,148		$8,340,424
International Equity	$23,608,736		$20,099,483
US Treasury	$27,290,758		$13,271,851
Other Fixed Income Securities	$2,018,205		$753,868
Total Income	$67,926,847		$42,465,626

Securities Lending (On-Loan/Collateral Summary)

Asset	Securities On-Loan	Collateral Valuation	Percent
Domestic Equity	$2,587,036,717	$2,707,159,285	105%
International Equity	$5,271,009,983	$5,548,727,228	105%
US Treasury	$7,366,419,013	$7,589,156,910	103%
Other Fixed Income Securities	$408,716,876	$418,499,080	102%
Total Value	$15,633,182,589	$16,263,542,503	104%

California State Teachers' Retirement System
Monthly Investment Summary

	Market Value 2/28/02	Market %	Market Value 3/31/02	Market %	Market Value Difference	% Diff.
Liquidity						
STRS - Cash Allocation	1,646,207,384		1,526,785,614		(119,421,770)	
STRS - US Cash Equitization	127,624,409		132,567,466		4,943,057	
Total Liquidity	1,773,831,794	1.79%	1,659,353,081	1.64%	(114,478,713)	(0.14%)
Domestic Equity						
Active						
Ariel Capital	517,685,680		551,190,605		33,504,925	
BGI - Enhanced	583,699,246		606,346,635		22,647,388	
Brinson Partners	603,085,887		628,965,581		25,879,694	
Brown Capital Management	334,463,139		351,887,859		17,424,719	
Chicago Equity Partners	427,316,799		441,712,110		14,395,311	
Delaware Investment Adv	465,684,208		484,398,764		18,714,556	
Delphi Management, Inc	230,835,047		244,166,145		13,331,098	
Denver Investment Advisors	575,755,263		624,890,086		49,134,823	
DSI International Management	636,737,783		660,556,116		23,818,333	
First Quadrant	423,210,869		441,366,922		18,156,053	
Mellon Capital Management	523,427,556		543,949,216		20,521,660	
NCM Capital Management	412,341,889		423,897,269		11,555,380	
Putnam Investments	301,853,708		314,599,713		12,746,005	
Sasco Capital	844,647,542		896,357,068		51,709,526	
SSgA - Enhanced	641,399,672		665,263,986		23,864,314	
TCW Asset Manangement Co	234,938,772		254,747,620		19,808,849	
Passive						
BGI Extended Market Index	2,829,804,966		3,034,439,442		204,634,476	
BGI S&P 500 Index	13,188,303,592		13,688,646,182		500,342,590	
SSgA - Extended Mkt Index	2,153,250,530		2,308,598,137		155,347,607	
STRS - S&P 500 Index	13,206,641,477		13,708,237,045		501,595,568	
Total Domestic Equity	39,135,083,626	39.40%	40,874,216,499	40.43%	1,739,132,874	1.03%
International Equity						
Active						
Bank of Ireland Asset Management	772,861,408		811,334,597		38,473,189	
Battery March Financial Mgmt Inc.	369,506,427		389,590,533		20,084,106	
Blackrock, Inc.	228,092,913		232,986,979		4,894,066	
Brinson Partners Non-USEQ	413,832,037		434,184,908		20,352,871	
Capital Guardian Trust	1,126,303,148		1,189,319,430		63,016,282	
Delaware Int'l Advisors Inc.	447,752,306		468,396,283		20,643,977	
Fidelity Management Co.	434,268,226		454,591,374		20,323,149	
Fiduciary Trust	506,756,021		538,422,600		31,666,579	
Goldman Sachs Asset Mgmt	327,702,622		343,741,316		16,038,694	
Lazard Freres	697,171,426		737,260,266		40,088,840	
Marvin & Palmer Assoc, Inc.	365,297,445		381,684,609		16,387,164	
Morgan Stanley	698,032,485		728,333,657		30,301,172	
Newport Pacific Mgmt	213,607,312		224,679,430		11,072,118	
Nicholas-Applegate Capital Mgmt	396,524,296		417,693,883		21,169,587	

	Market Value 2/28/02	Market %	Market Value 3/31/02	Market %	Market Value Difference	% Diff.
Oechsle International	999,916,204		1,036,452,124		36,535,920	
Schroder Capital	462,742,754		485,642,031		22,899,277	
Scudder Kemper Investments	633,082,641		660,784,065		27,701,424	
Passive						
BGI - EAFE Index	6,014,561,017		6,332,781,836		318,220,820	
SSgA - EAFE Index	3,969,183,323		4,179,359,168		210,175,845	
SSgA - Emerging Market Index	1,419,151,898		1,477,648,390		58,496,492	
Total International Equity	20,496,345,909	20.64%	21,524,887,479	21.29%	1,028,541,571	0.66%
Fixed Income						
Hartford Investment Mgmt	73,665,498		149,447,983		75,782,484	
MW Post Advisory Group	99,752,601		150,408,999		50,656,398	
Seix Investment Advisors	298,811,115		300,839,269		2,028,154	
STRS - Corporate Bond Index	9,520,485,219		9,179,503,311		(340,981,908)	
STRS - Mortgage Bkd Security Ind	8,294,301,864		8,163,942,654		(130,359,210)	
STRS - Mortgage Loan	690,703,955		690,250,589		(453,367)	
STRS - US Treasury & Agency Ind	9,297,903,301		8,803,900,312		(494,002,989)	
Total Fixed Income	28,275,623,553	28.47%	27,438,293,118	27.14%	(837,330,435)	(1.33%)
Real Estate						
CB Richard Ellis	1,595,053,821		1,597,854,446		2,800,625	
Clarion Partners, LLC	405,277,651		406,337,928		1,060,278	
Heitman Capital Management	387,833,346		388,602,086		768,739	
Lend Lease	1,145,857,151		1,143,359,367		(2,497,783)	
Lowe Enterprisees Inv Mgmt	163,875,265		163,740,847		(134,418)	
MIG Realty Advisors	378,771,652		338,231,324		(40,540,328)	
Sentinel Realty Advisors	40,147,530		40,108,099		(39,430)	
Special Situations	461,267,716		452,182,945		(9,084,771)	
SSR Realty Advisors	503,361,000		503,710,812		349,812	
Thomas Properties Group	160,741,353		160,904,387		163,034	
Total Real Estate	5,242,186,484	5.28%	5,195,032,243	5.14%	(47,154,242)	(0.14%)
Alternative Investments						
Limited Partnerships	4,400,701,703		4,403,695,020		2,993,317	
STRS - Distributed Stock	4,225,131		101,446		(4,123,685)	
Total Alternative Investments	4,404,926,834	4.43%	4,403,796,466	4.36%	(1,130,368)	(0.08%)
Grand Total	99,327,998,199	100.00%	101,095,578,885	100.00%	1,767,580,686	

PLEASE NOTE:

All Figures Include Accruals

The Information contained in this report is UNAUDITED

Member Home Loan Securitization Principal Balance as of 3/31/2002 is $72,352,382

The Internally Managed Cash Collateral Portfolio is NOT included above.

The Net Asset Value as of 3/31/2002 is $6,625,857,931

California State Teachers' Retirement System
Internal S&P 500 ex-Tobacco Indexed Portfolio

The California State Teachers' Retirement System's internal S&P 500 ex-Tobacco Indexed Portfolio (Portfolio) was $13,708,237,045.26 as of March 31, 2002. The Portfolio seeks to closely track the return of the custom S&P 500 ex-Tobacco Index[2].

Table 1 below shows the returns of the Portfolio[1].

Table 1: Performance as of March 31, 2002

Period	Portfolio	Index	Tracking Error
Total Return			
1998, Apr-Dec	+12.892%	+12.975%	-0.084%
1999	+21.111%	+20.987%	+0.124%
2000	-9.450%	-9.486%	+0.036%
2001	-12.060%	-12.098%	+0.038%
2002 YTD	0.110%	0.109%	+0.001%
Annualized Return			
1 Year	0.095%	0.068%	+0.027%
2 Years	-11.720%	-11.759%	+0.039%
3 Years	-2.747%	-2.802%	+0.062%

[1] Inception date of March 31, 1998
[2] Effective September 1, 2000, the benchmark for the CalSTRS S&P 500 ex-Tobacco Indexed Portfolio is the custom S&P 500 ex-Tobacco Index